

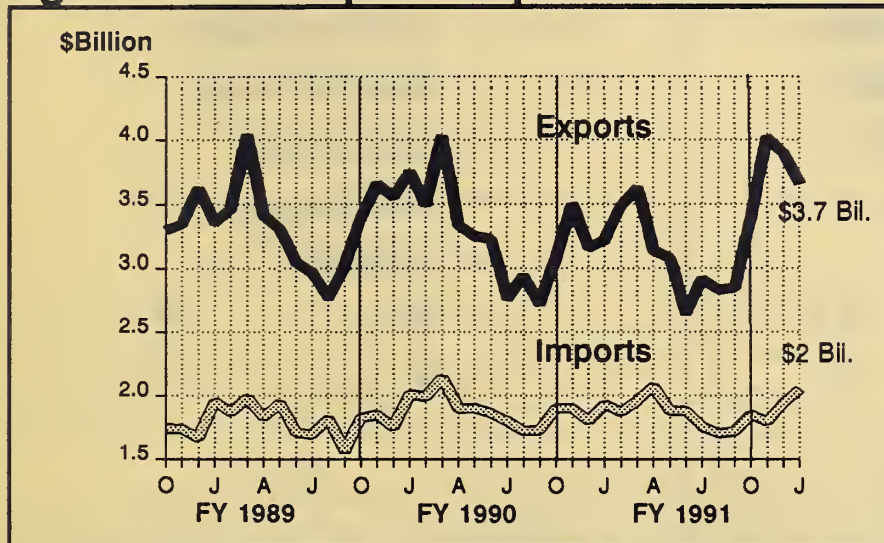
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# AGRICULTURAL TRADE HIGHLIGHTS

## Broad-Based Gains Boost January's Agricultural Exports Up 14 Percent



January trade statistics released on March 19 by the Commerce Department placed the value of *U.S. agricultural exports* at \$3.7 billion, down 6 percent from December but up 14 percent from the same month last year. Strong gains in exports of wheat, soybeans and products, meat and dairy products, and horticultural products were only partially offset by declines in cotton and coarse grain exports. January's performance brings the cumulative fiscal 1992 (October-January) total to \$15 billion, up 16 percent from the same period last year.

At just under \$1.8 billion, U.S. exports of *bulk commodities* rose 13 percent from January 1991. The \$200-million gain was led by large increases in wheat and soybean exports. These increases more than offset reductions in cotton and coarse grain exports. To date, bulk exports now exceed \$7 billion, well ahead of year-earlier levels (up over 15 percent), as wheat and soybeans continue to turn in strong performances.

U.S. exports of *intermediate high-value* products also grew in January, rising 15 percent to nearly \$900 million. Increased exports of soybean meal and oil, feeds and fodders, and animal fats continue to account for most of the gain. Overall, the intermediate products did very well for January with only two categories showing losses for the month--hides and skins, and sugars and sweeteners (including beverage bases). January's strong performance boosted the year-to-date total to over \$3.4 billion, 15 percent ahead of the same 4-month period last year.

U.S. exports of *consumer-oriented high-value* products registered yet another rise in January--up 15 percent to just under \$1 billion. Continuing trends established earlier in the year, gains in consumer-oriented exports occurred almost across the board, with 15 of the 16 categories up over year-earlier levels. Among the top performers were dairy products, red meats, horticultural products, and snack foods. January's performance brings the year-to-date total to almost \$4.5 billion, 17 percent ahead of

the same record-setting period last year.

Trade performance with the *top 10 U.S. agricultural export markets* was mostly up with losses confined to East Asia. Taiwan, Korea, and Hong Kong were the only major markets to decline in January, all by less than 14 percent. Exports to the former Soviet Union, China, and Mexico, continued dramatic improvement over year-earlier levels, rising by 122 percent, 156 percent, and 27 percent, respectively. Export demand was also particularly strong from the EC, up 18 percent to \$784 million, topping shipments to Japan which grew by just 6 percent over year-earlier levels to \$702 million. Canada rounds out the growth markets with a gain of 8 percent in January compared to a year ago.

U.S. *agricultural imports* for January rose 6 percent from year-earlier levels to \$2 billion. January's total brings fiscal year-to-date imports to \$7.8 billion, up 3 percent from 1991. Led by strong exports, the year-to-date agricultural surplus registered at \$7.2 billion, nearly \$2 billion higher than the same 4-month period last year.

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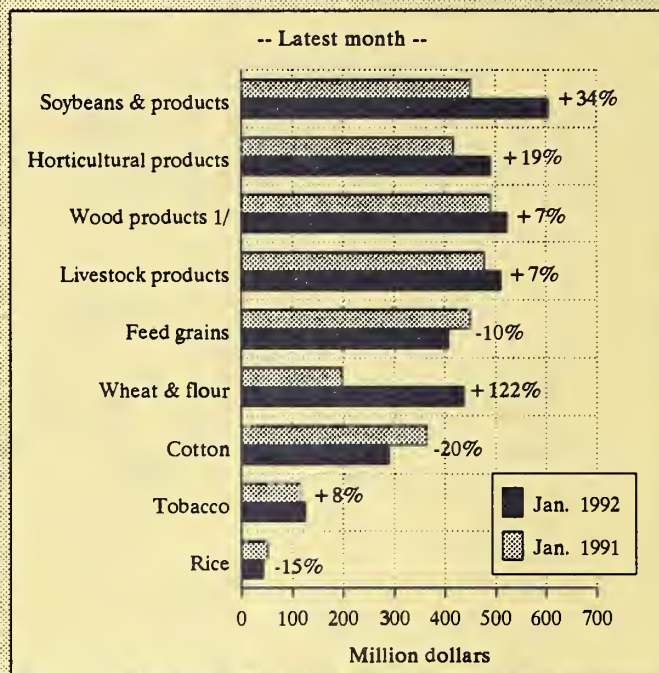
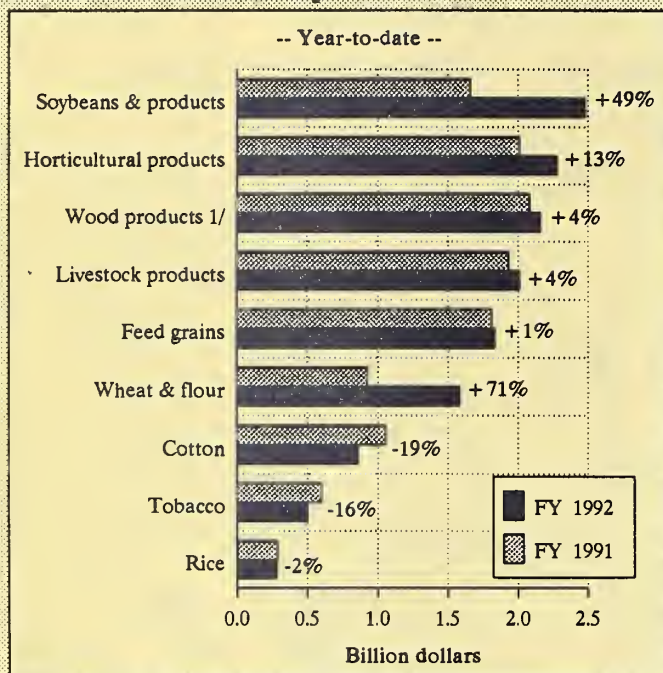
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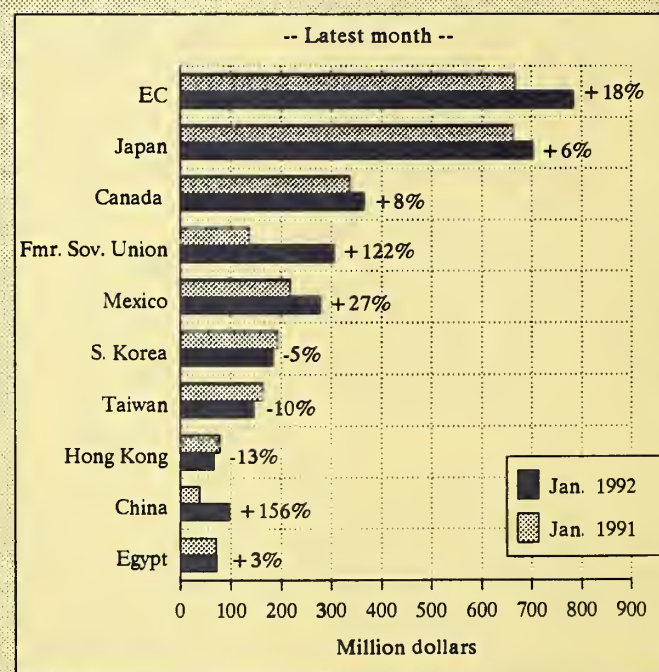
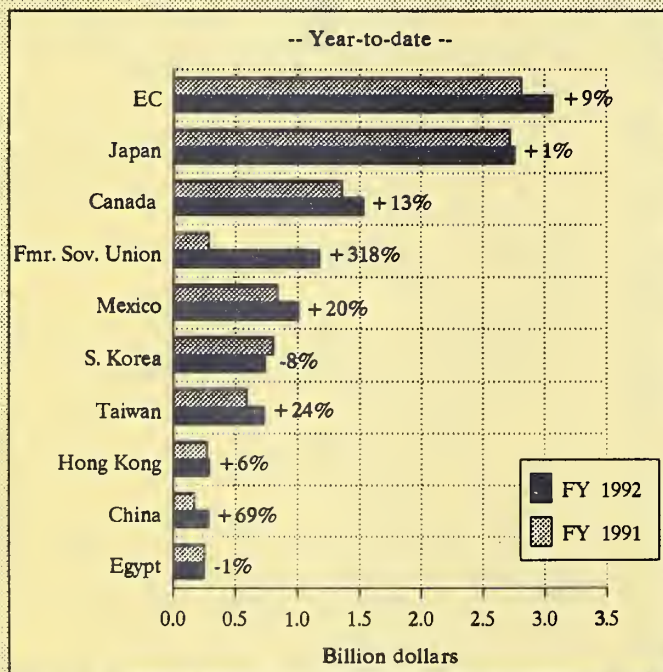
# U.S. Agricultural Export Summaries

## October-January and Latest Month Comparisons

### Product Summary



### Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals.



# Commodity Highlights

*January exports of agricultural products rose to \$3.7 billion, the second highest January on record, and 14 percent higher than last year. Significant increases occurred in sales of wheat, soybeans, and horticultural products.*

**W**heat and wheat flour sales of \$438 million continue a recent growth trend, increasing 122 percent on a 96-percent volume rise. The former Soviet Union accounted for \$169 million of the \$240-million increase over last January. Other notable gains occurred in sales to Egypt, Japan, and China, up \$40 million, \$34 million, and \$26 million respectively. Anticipated tighter supplies of U.S. wheat for the remainder of the 1991/92 marketing year continue to exert upward pressure on prices. At \$1.6 billion, wheat and flour exports for the year-to-date (October-January) are 71 percent higher than the same period last year on 74 percent higher volume.

Exports of *feed grains* declined in January to \$407 million, down 10 percent from last year. Volume was down as well, declining 13 percent from last January. Significant decreases included a \$59-million drop to the former Soviet Union, a \$16-million loss to Japan, and a \$13-million decline to Korea. The only notable gain was a \$40-million rise to Mexico. To date, feed grains exports are roughly unchanged from year-earlier levels, up 1 percent in value, but down 3 percent in volume.

*Soybean and product* exports continued to increase in January, rising to \$604 million (compared with \$452 million last January). This 34-percent gain in value was matched by a similar increase in volume leaving overall unit values about the same as last year. Three markets were responsible for virtually all of the increase--the EC, the former Soviet Union, and Korea, up \$87 million, \$50 million, and \$19 million, respectively. Year-to-date statistics show

fiscal 1992 exports ahead by nearly 50 percent in both value and volume.

U.S. *rice exports* fell 15 percent in January to \$43 million on a 33-percent decline in volume. While moderate sales gains were widespread, most of the nearly \$9-million drop is attributable to an \$8-million sales decline to Brazil. Low worldwide rice stocks continue to exert an upward influence on prices. While year-to-date value is off by only 2 percent, volume is 15 percent lower than the same period last year.

*Horticultural exports* during January continued to grow, rising a strong 19 percent in value on a 20-percent rise in volume over last year, to \$491 million. While sales advanced in a large number of markets, most of the \$66-million growth over last January occurred in shipments to the EC and Japan, which were up \$27 million and \$16 million, respectively. During the first 4 months of fiscal 1992, horticultural exports are running 13 percent higher in value which, at more than \$2.25 billion, continues at a record-breaking pace.

January sales of *unmanufactured tobacco* rose 8 percent, or \$9 million, to \$125 million. Sales to the EC led all gains, up \$17 million, followed by Japan with a gain of \$10 million. Thailand bought \$12 million less in January and was the only market losing significant sales. Year-to-date, however, exports of unmanufactured tobacco are down 16 percent to \$500 million, on a volume increase of about 2 percent.

Exports of *cotton* in January were down 20 percent to \$291 million on a 12-percent decline in volume. The

decrease in unit value reflects increased competition due to higher world production. The most notable sales declines occurred to Japan, off \$24 million; the EC, \$23 million lower; Egypt, down by \$22 million; followed by Korea and Mexico (\$9 million and \$8 million lower, respectively). Sales to China were a notable exception, gaining \$24 million to \$46 million. Year-to-date sales are 19 percent below last year's pace, on a 13-percent volume decline.

*Livestock and product exports* for January were up 6 percent to \$511 million, on a 35-percent rise in volume. Most of the \$33-million increase in sales is a result of higher sales to Mexico and the EC, which were up \$21 million and \$14 million, respectively. Sales in most other markets were either flat or down slightly. Year-to-date, livestock and product exports are \$79 million higher. This modest increase of 4 percent masks sharp sales gains to Mexico and Canada of \$115 million, \$36 million, respectively, and losses to Japan and Korea of \$54 million and \$20 million, respectively.

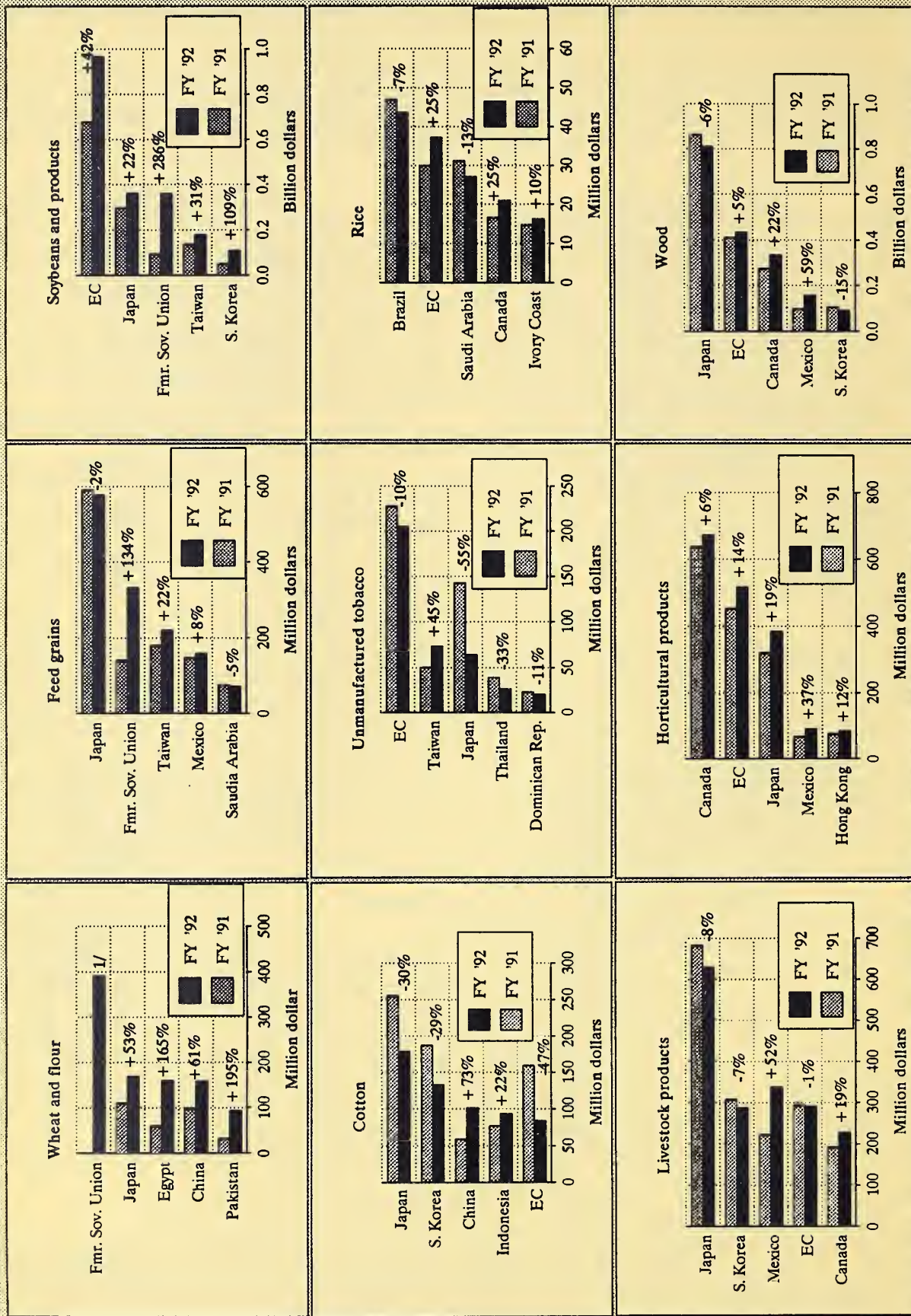
Sales of *wood products* in January increased 7 percent to \$523 million. Major markets showing gains were the EC, Mexico, Canada, and Saudi Arabia (up \$22 million, \$20 million, \$15 million, and \$9 million, respectively). The only significant sales decline was to Japan, which dropped \$23 million to \$171 million. Year-to-date wood exports are running about 4 percent ahead of last year's record pace.

*For more information, contact Tom St. Clair at (202) 720-6821*



# Top Five Markets for Major U.S. Commodities

## October-January Comparisons



Note: Percentages are computed as the change from fiscal 1991 to fiscal 1992 cumulative totals.  
 1/ Negligible exports reported during comparable period last year.



# Country Spotlight: The Philippines



**L**ong regarded as an important agricultural exporter, the Philippines is steadily becoming a significant importer of many U.S. farm products. After the Philippine government replaced quotas with tariffs on a broad range of imports in 1988, U.S. agricultural exports to the Pacific Rim country grew by nearly 50 percent, from \$259 million in fiscal 1987 to \$373 million in fiscal 1991. Despite continued government intervention through occasional import bans and high tariffs, many U.S. agricultural exporters expect growing demand from the Philippines to continue.

Wheat, cotton, soybean meal, and tobacco are the largest U.S. agricultural exports to the Philippines by far, accounting for \$267 million in sales in 1991--roughly three-fourths of the total. While still comprising a modest portion of total exports to the Philippines, consumer-ready high-value products, such as fresh and processed fruits and vegetables, dairy products, and sweet snacks, are

becoming increasingly popular. These exports, though historically erratic, have trended upward since the 1988 trade liberalization, rising from \$40 million in 1987 to a record \$76 million in 1990. Although 1991 consumer-ready exports were down to \$58 million, they may be rebounding to another record in fiscal 1992. Shipments in the first four months (October-January) topped \$38 million, up nearly 30 percent compared to the same period in record-setting fiscal 1990.

Shipments seem to be recovering quickly from a four-month ban in 1990 on letters of credit for imports of many popular U.S. consumer-ready products, such as fresh grapes and apples, and ready-to-eat potato products. The ban, imposed by the Bankers Association of the Philippines, was intended to conserve scarce foreign exchange. The pressure for new import restrictions may grow again if the Philippines economy continues to sag--growth in real gross domestic product was almost nil in 1991 and only modest growth of between 2-3 percent is forecast for 1992.

Despite the disappointing Philippine economy, U.S. exporters are encouraged by some recent and ongoing developments in the Philippine high-value foods market. A growing desire for dining out, particularly in urban areas where more than 40 percent of Filipinos live, has spurred a boom in the

number of American fast-food outlets, such as McDonalds, Pizza Hut, Wendy's, and Shakey's. This, in turn, has raised the demand for U.S. food service exports. Shipments of U.S. frozen french fries to the Philippines grew to \$2.6 million in fiscal 1991 from almost nothing just four years ago. Exports of condiments have also grown steadily, reaching a record \$1.2 million in fiscal 1991.

The Philippine food service sector may soon become a more significant outlet for U.S. meats as the Philippine government recently granted import licenses for meat imports to "first class" restaurants. Previously, only a handful of hotels were allowed to import meat. U.S. beef has a positive image in the Philippines and is expected to compete strongly with Australia in this sector of the Philippine market.

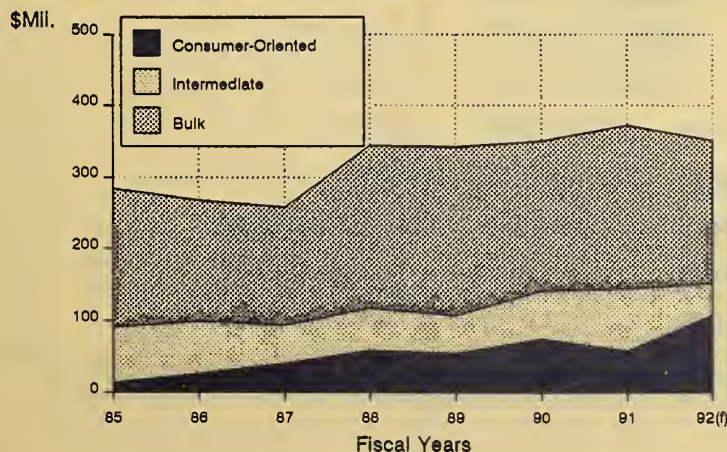
Another important development is the steady growth in number of western-type supermarkets in the Philippines. In metropolitan Manila alone, more than 20 of these supermarkets opened over the past few years and more are planned in the near future. Supermarkets carry more imported goods than do the traditional corner grocers and open-air wet markets where most Filipinos still buy their food. As they are generally more keen to satisfy more affluent consumer tastes, supermarket managers are constantly searching for new products to meet changing demand.

With the recent Philippine trade liberalization, previously banned U.S. consumer-ready products are now being tried for the first time, most with broad acceptance. As Filipinos continue to seek more diversity in their diet, patient shippers interested in long-run market development in the Philippines will find a growing demand for their products.

For more information, contact Mike Woolsey at (202) 720-2841

**Interested in exporting to the Philippines?** Contact Lyle Moe, FAS Counselor. Tele.: (011-632) 521-7116, FAX: (011-632) 818-9674.

## Although Small, U.S. Consumer-Oriented Exports to the Philippines on the Rise





# 1991 U.S. Agricultural Trade Balance Retains Third-Place Position Among Eleven U.S. Industries

*In 1991, U.S. agriculture registered yet another trade surplus, continuing its 3-decade trend which has consistently put agriculture among the top U.S. industries. Last year, it was one of only five U.S. industries to log a trade surplus. USDA forecasts of higher exports and lower imports suggest that the agricultural sector will turn in an even stronger performance in 1992.*

For several years, the Foreign Agricultural Service (FAS) has tracked and reported the trade performance of 11 major U.S. industries. Compared to only four in 1990, five industries registered positive trade balance contributions in 1991. Agriculture retained its third place position with a trade surplus of \$16.5 billion--roughly unchanged from 1990. However, forecasts of increased agricultural exports and declining imports for 1992 suggest that the farm sector stands a good chance at improving its position in next year's analysis.

In 1991, total U.S. merchandise exports expanded by 7 percent to just over \$400 billion. Of this amount, the top five export industries accounted for more than half. Each of their export shares are roughly the same--ranging between 10 and 12 percent of the total. Agriculture's

portion of the total declined slightly to 10 percent, compared with 11 percent in 1990.

At \$39.1 billion, total U.S. agricultural exports declined less than 1 percent from 1990. There was a greater slide in agriculture's export rank, as it slipped from number two to five. This drop reflected a surge in 1991 exports in three industrial categories--chemicals, miscellaneous manufactures and household/electrical appliances--which had been bunched closely behind agriculture in export performance in 1990. The dollar value of those three industries' exports jumped between 7 and 10 percent in contrast to agriculture's slight decline. However, of the groups ranked ahead of agriculture in exports, only one--chemicals--registered a trade surplus.

Looking at the other half of the trade balance, overall U.S. merchandise imports in 1991 amounted to

\$483 billion--a decline of \$8 billion from 1990. Agricultural imports were roughly unchanged at \$22.6 billion and maintained its share at 5 percent of total U.S. imports. Ranking eighth overall, agriculture was followed only by wood/pulp/paper and aircraft.

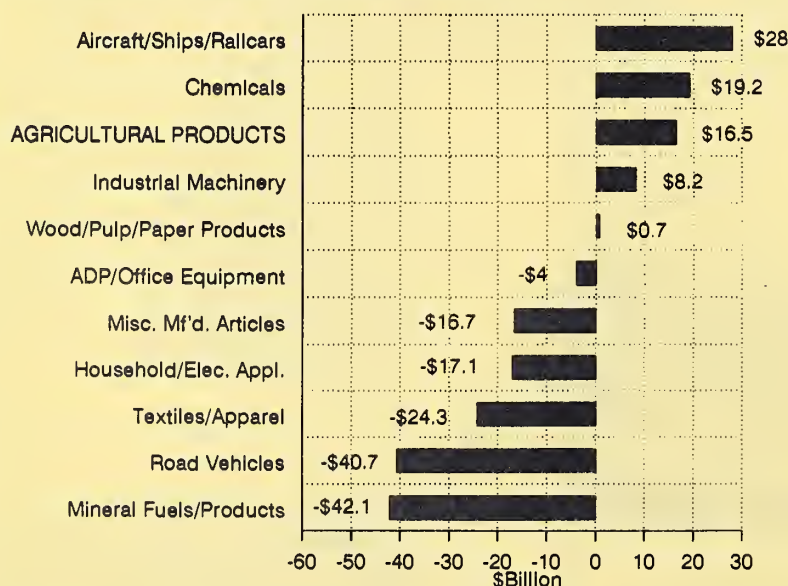
Reflecting the impact of the recession, imports in several industrial categories fell substantially. Continuing a declining trend which began in 1989 and one which is seemingly related to weakness in the construction industry, wood/pulp/paper imports dropped 8.4 percent. In addition, mineral fuel imports dropped sharply (down 16 percent) and road vehicle imports declined by 3 percent. Despite the decline in imports, mineral fuels and road vehicles were the largest trade balance deficit industries. In fact, the combined trade balance deficit of mineral fuels and road vehicles was greater than the overall U.S. trade deficit of \$82 billion.

On the growth side of imports, net export contributions were made by aircraft, which increased by \$3 billion to \$28 billion; chemicals, which rose \$2.4 billion to 19.2 billion; industrial machinery, which improved by \$2.5 billion to \$8.2 billion; and wood/pulp/paper products, which moved from a net import position to a net export position of \$700 million (due in large part to a sharp drop in imports). The remaining industries had trade deficits ranging between \$4 billion and \$42 billion.

With imports expected to fall \$600 million (to \$22 billion), the U.S. agricultural trade surplus is expected to rise more than \$3 billion to \$18 billion in fiscal 1992. This would be the largest surplus since fiscal 1989. Clearly, agriculture will continue to make its positive contribution to the U.S. trade balance, reflecting its consistent and critical role as a dominant force in U.S. trade.

For more information, contact Robert Tse at (202)690-1886

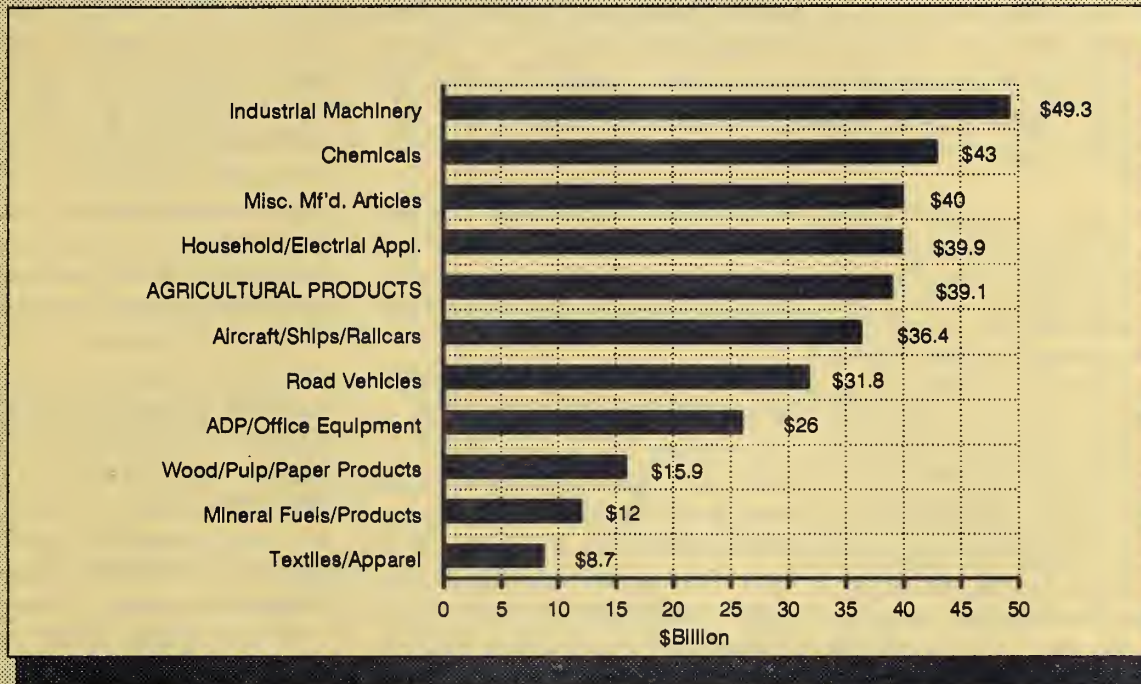
## Agriculture Third-Highest Contributor to U.S. Merchandise Trade Balance



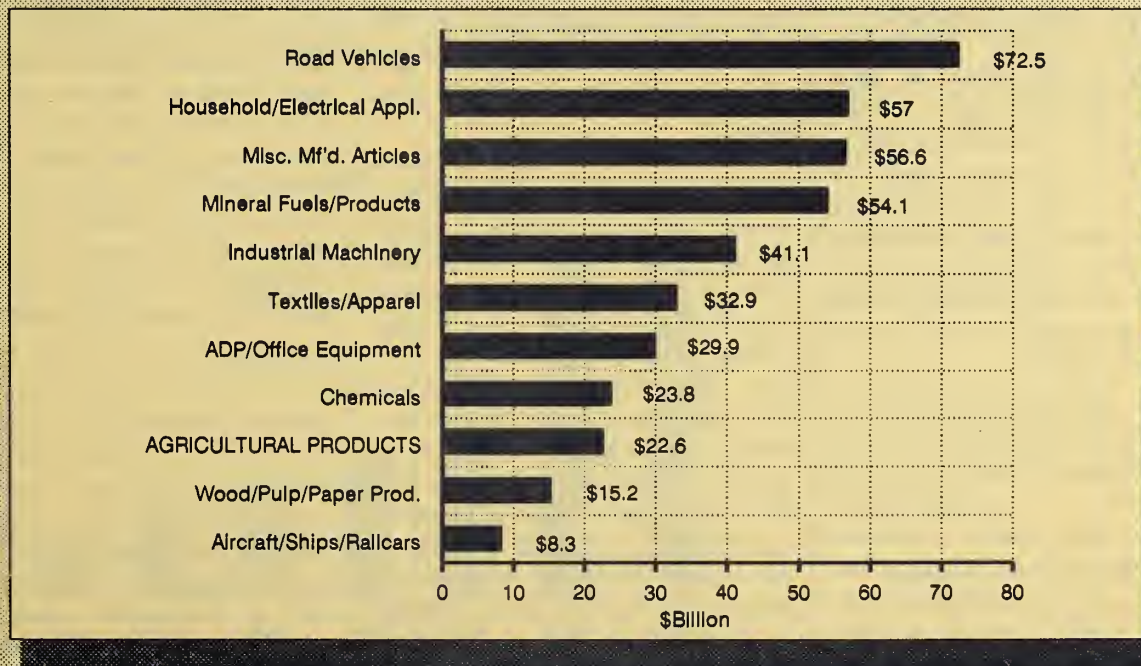


## ...Trade Balance

### U.S. Exports of Agricultural Products Rank 5th in 1991. . .



### But Continue to Account for only 5 Percent of Total Merchandise Imports





## Product Spotlight: Frozen French Fries

*Agricultural Trade Highlights' product spotlight continues this month with a look at U.S. exports of frozen french fries. Following the boom in fast-food restaurants around the world, french fries have proven to be as popular overseas as they are here in the United States, helping to boost U.S. sales of the fast-food staple by nearly four-fold in the last 10 years.*

Few products in the world are more widely recognized than "American" french fries. At \$120 million, these exports have nearly quadrupled in the last decade, increasing at an average annual rate of 17 percent, due in most part to the recent explosion of U.S. fast-food restaurants in the Pacific Rim. In fact, seven of the top ten export markets are East or Southeast Asian countries. With numbers for the first quarter of fiscal 1992 already 21 percent ahead of last year, FAS analysts expect the upward trend to continue this year. In fact, french fry exports could hit the \$200-million mark by the late 1990s.

In recent years, the U.S. market has been bombarded by waffled fries, home fries, seasoned fries, even curly fries to boost consumption of the processed spud. Although french fries of all shapes and sizes continue to be popular in the United States, domestic demand is growing only 1 to 3 percent a year, compared with growth during the 1960s and 1970s of between 10 and 15 percent. Because of this slowdown, greater expansion into foreign markets has captured the attention of U.S. frozen potato manufacturers.

Excluding over \$500 million in EC intra-trade, global trade in frozen potatoes (mostly french fries) stood at \$252 million in 1990 and should exceed \$300-\$350 million by the end of 1992 if the previous rate of growth continues. The United States, Canada, and the EC are the world's largest exporters, supplying 56, 21, and 19 percent of the 1990 total, respectively. At the same time, nearly

40 percent of world imports are purchased by Japan--the dominant U.S. market--responsible for two-thirds of U.S. french fry exports last fiscal year.

### **Japan--First Come, First Serve**

Efforts to introduce french fries to Japan began in the early 1970s. At the time, Japan and the Far East were a new interest for potato growers in the Pacific Northwest (Oregon, Washington, and Idaho), but many companies were leery of the prospects. Many credit Ore-Ida Foods and Kentucky Fried Chicken (KFC) with actually bringing the product to market and pioneering a name for "American" french fries.

*At \$120 million, these exports have nearly quadrupled in the last decade, increasing at an average annual rate of 17 percent...*

More U.S. fast-food chains and family-style restaurants followed, all offering french fries on their menus. The U.S. Potato Board estimates the U.S. market share of Japan's total frozen potato imports to be 86 percent, with roughly 80 percent of this total distributed to the foodservice sector and 20 percent to the retail sector. McDonald's of Japan and KFC, alone, are thought to comprise over half of U.S. french fry sales in the country. Currently, McDonald's has over 800 restaurants in operation through a joint venture with Den Fujita and are expected to open 90 new ones in 1992. KFC has well

over 900 outlets in Japan and should pass the 1000-chain mark this year.

Innovative promotions are a vital part of selling french fries in Japan. In February of this year, McDonald's began test marketing a "shaker fry" promotion in several of its restaurants north of Tokyo. In this campaign, customers are served french fries in a paper bag along with their choice of barbecue, curry, or seaweed flavorings.

Not only is it cost-effective to introduce new promotions in Japan, it is almost a necessity to keep customer interest. Tom Lipetzky of the U.S. Potato Board says, "there have been so many new products introduced in Japan, it is difficult to recognize the McDonald's menu." However, he adds that in other Asian countries, fast-food menus tend to be more consistent with their U.S. counterparts.

Over time, many new Japanese off-breeds of American-style restaurants have emerged. Japanese fast-food chains, such as MOS Burger and Lotteria, and family-style restaurants, such as Skylark and Royal Host, have become increasingly visible in terms of competition for U.S. chains and as an additional distribution source for french fries. These outlets have opened restaurants throughout the region and sell almost 100-percent U.S. product.

Although most, if not all, Japanese supermarkets now carry U.S.-sourced products, but retail sales still have ample room for growth. Display space for frozen products is not a problem in larger supermarkets and department stores, such as Daiei, Seiyu, and Ito Yokudo. However, in the smaller supermarkets and convenience stores, as well as in Japanese homes, limited freezer space is available. For this reason,



## ...French Fries

U.S. manufacturers are considering smaller packaging for their frozen take-home potato products (300 to 500 gram bags). The Japanese also tend to have smaller appetites than Westerners and often like to buy products in smaller portions.

According to Noriko Fukuchi, director of the U.S. Potato Board in Japan, around half of the take-home consumption of frozen french fries is prepared in a toaster oven. While the product is also deep fried in a wok, manufacturers have further attempted to appeal to the approximately 70 percent of Japanese housewives who own microwave ovens.

Microwave product lines now on the market are using new techniques to improve cooking quality and consistency. Beyond quality, a recent Potato Board study revealed that health issues are also associated with potato consumption. It seems that Japanese housewives (ages 25 to 49)

view frozen french fries as having less nutritional value than do singles (ages 13 to 29), yet the older group still considers potato products to be good snacks for children.

The typical french fry exported from the United States is straight-cut, slightly cooked, and quickly frozen to maintain flavor. While Boise, Idaho-based J.R. Simplot supplies the popular quarter-inch shoestrings to McDonald's, the company's retail product line ranges from half-inch Crinkle Cut Fries to bite-size Tater Gems.

Most large U.S. manufacturers such as Ore-Ida and Simplot sell under their own label, while some smaller U.S. processors package their product for branded distributors. An increasing number of these are marked with the Potatoes U.S.A. logo, but the industry is not always successful at identifying products as being of U.S. origin.

U.S. french fries in the supermarket have traditionally been priced about 15 percent higher than domestic brands. However, with the increase of U.S. products under Japanese brand names, consumers may be getting U.S. quality at a more affordable price.

*The typical french fry exported from the United States is straight-cut, slightly cooked, and quickly frozen to maintain flavor.*

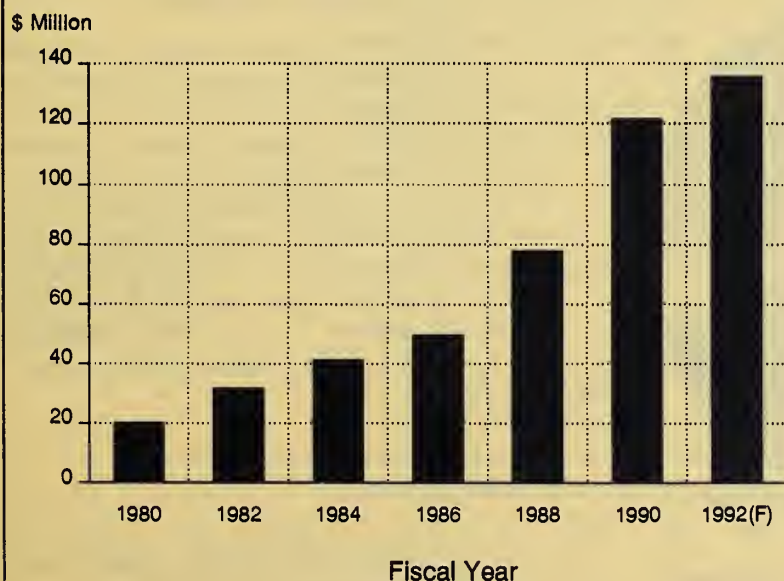
Both the price of land in Japan and the type of potato produced domestically tend to make imports more economical--potatoes grown in Japan are not as suitable for processing french fries as the Russet potato grown in the United States. Competitive Canadian and Dutch companies have moved some of their production operations into New Zealand and Australia to gain closer proximity to the Asian markets. However, McCain, a major Canadian manufacturer, has begun switching its clients to product grown in the United States. Eventually, this may boost U.S. export figures.

Although U.S. industry efforts and Japanese demand have traditionally been centered around the Tokyo area, the next effort will be reaching out to the several thousand villages spanning the Japanese countryside. The U.S. Potato Board has already begun to expand its marketing activities into Osaka, Nagoya, and Kyushu.

### Korea

Following the tremendous success in Japan, the U.S. potato industry has been heading south, opening up other Asian markets to french fries. From Hong Kong to Indonesia, the

**Demand for U.S. French Fries "Sizzling" Overseas**





## ...French Fries

response has been very positive. Since 1988, essentially the first year for frozen potato products to be allowed into South Korea, exports of french fried potatoes have increased to \$6.5 million. Korea is now the second largest U.S. market.

Despite a 30-percent ad valorem duty, the U.S. Potato Board estimates a 95-percent share for U.S. frozen potato products in the Korean import market. As in Japan, the majority of U.S. french fries are sold in quick-serve restaurants. These chains, mainly U.S., Japanese, and Korean, are responsible for half of all frozen potato products sold in the country. By the end of 1992, McDonald's expects to be operating a total of 15 outlets and KFC is planning on 60.

The next most popular way to consume french fries is as a snack with friends at one of the 700 beer houses in South Korea. These Korean bars

account for about one-fourth of U.S. frozen potato product sales.

The total number of convenience stores in Korea, such as 7-11 and Circle K, are supposed to double this year over last year. Promotional efforts will be crucial in the retail sector to educate consumers on the convenience and nutritional virtues of french fries. J.R. Simplot was the first U.S. manufacturer to break ground in Korea and their lines now account for around two-thirds of the retail import market. According to Barbara Roberts-Kerr, Simplot's Product Manager for Japan, Korea is one of the few markets where they have an exclusive agreement.

### Hong Kong

U.S. french fry exports to Hong Kong fell just short of \$6 million in 1991, while those to Singapore and Malaysia registered \$3.4 million and \$3.1 million, respectively. With more women working, people in these countries, especially in Hong

Kong, are eating out more than ever. In Hong Kong, the U.S. Potato Board estimates that as much as 85 to 90 percent of frozen fries sold in fast-food and family-style restaurants are of U.S. origin. The U.S. product also dominates the fast-food markets in Singapore and Malaysia, yet a much smaller percentage of the population is aware of its origin.

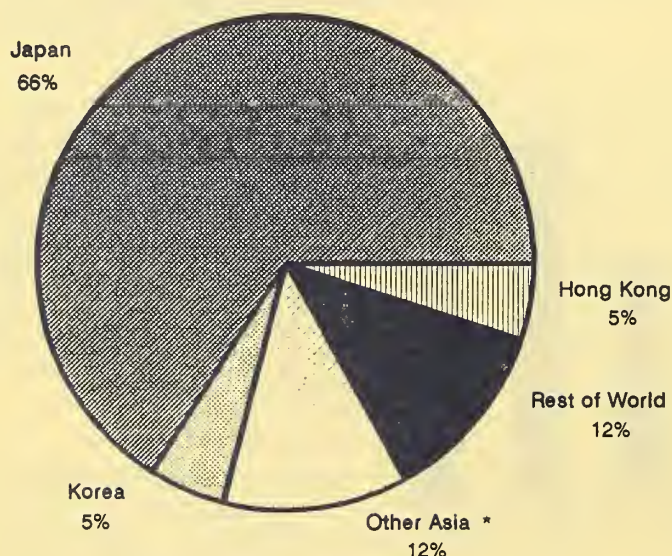
*... the U.S. Potato Board estimates a 95-percent share for U.S. frozen potato products in the Korean import market..*

At the present, 5 of the 10 largest transaction McDonald's restaurants in the world are located in Hong Kong and the U.S. chain alone accounts for over half of all french fry sales in the country. While restaurants like McDonald's serve high-quality french fries, many of the smaller, independent fast-food shops in Hong Kong are not as familiar with proper handling, storage, and preparation procedures. The U.S. potato industry realizes this constraint and is working to improve both customer and food service awareness on this issue.

Looking outside Asia and the Pacific Rim, Mexico may be the next hot potato for french fry sales. As a result of Mexico's current economic boom and the subsequent growth of fast-food restaurants, french fry exports have already jumped to \$2.4 million and are still rising. If exporters can keep pace with their own success, the future of American french fries remains bright, indeed.

*For more information, contact Karen Halliburton at (202) 720-1299*

### Asian Markets Account for Majority of U.S. French Fry Exports



\* Includes Taiwan, Singapore, Malaysia, Philippines, and Indonesia  
Note: Graph reflects 1991 statistics



# Trade Policy Updates

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## **Uruguay Round Agricultural Negotiations**

As noted in previous issues, on Dec. 20, 1991, GATT Director-General Arthur Dunkel released a draft final agreement covering all the negotiating areas of the Uruguay Round, including agriculture. This document is the focus of the current negotiations. The Trade Negotiations Committee (TNC), made up of representatives from all the participating countries, met in Geneva on January 13 to report their general reactions to the draft agreement. While many countries, including the United States, voiced concerns over specific sections of the draft, their comments were generally positive. The Dunkel text directed all countries to submit a country plan in early March detailing their commitments under the agreement. The plan is under review by the other countries in the negotiations. This review is currently under way.

The draft agreement's text on agriculture includes specific disciplines in all four areas of the agricultural negotiations--market access, export competition, internal support, and sanitary and phytosanitary measures. The text has minuses as well as pluses for all participants, including the United States. Nevertheless, Dunkel's draft final agreement text establishes the basis for long-term movement toward fairer trade for agriculture. Moreover, an agreement on this text would provide immediate benefits for agricultural exporters and increase the role of market forces in world agricultural trade.

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## **Agricultural Negotiations in the North American Free Trade Agreement (NAFTA)**

A productive meeting of the NAFTA Agricultural Negotiating Group (ANG) was held in Dallas, Texas, on February 19 through 21. To follow up on the progress made in Dallas, the ANG met again the week of March 9 in Mexico City, and another meeting was tentatively scheduled for the week of March 23 in Washington, D.C.

The ANG is making progress on how to address non-tariff measures and the potential design of a special safeguard provision for sensitive agricultural products. Work is also proceeding on a bracketed agricultural text which represents the negotiating positions of the three countries. Removing the brackets will become the focus of the negotiations to follow.

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## **South Korea Announces 1992 Tariff Adjustments**

The Government of South Korea has announced its tariff quota and emergency tariff plans for this year, effective Jan. 1, 1992. The revised plan provides for lower tariffs on a base quantity of selected items until a quota ceiling is reached. Imports in excess of the ceiling are assessed the higher general tariff rates. Items of interest to agriculture for which tariffs were temporarily reduced under the tariff quota plan for calendar year 1992 include whey powder, dried manioc chips, grain sorghum for feeding, potato starch, and two forest products. Other items for which tariffs were temporarily reduced under the July 1, 1991 to June 30, 1992 plan include ducks for breeding, rapeseed oil, some animal feeds (manioc pellets, rye, oats, lupin seed, and alfalfa), and sunflower seed oil. Penalty tariffs on bananas and soybean oil above the quota ceiling will continue, while tariffs on canned pork and plywood remain above scheduled levels.

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## **Indian Government Relaxes Foreign Exchange Rules and Cuts Tariffs**

In an attempt to open up India's economy, the Government of India (GOI) has introduced measures which allow for partial convertibility of the rupee, sharp cuts in tariffs, and for changes in the rules governing foreign investment. An official two-tiered exchange system for trade will replace the multiple exchange rates associated with the now-abolished Exim Scrip system. Hard currency earners can now sell 60 percent of their earnings at market-determined exchange rates, with the remaining 40 percent sold to the reserve bank at a presumably lower official rate. The 40 percent kept by the reserve bank will be used to finance GOI imports of essential commodities. Imports of consumer goods will reportedly remain restricted and subject to import licensing.



## ...Trade Policy Updates

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### **U.S. Bovine Semen Exports to the EC**

As a result of a recent EC regulation, the EC now allows unrestricted bovine semen imports from the United States only during a safe season, contending that imports from the United States in other periods present a threat of blue tongue and other diseases. The new regulation makes U.S. exports to the EC in periods outside the safe season prohibitively expensive. The U.S. industry has expressed concern about this restriction. As a result, a letter has been sent from USDA (APHIS) to the EC Commission as well as members of the EC's Standing Veterinary Committee. This letter expresses concern over the new EC regulations, and requests technical clarification from the Commission on the intent of the regulation.

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### **Plants Relisted for Meat Exports to the EC**

On March 9, 1992, the Standing Veterinary Committee met to discuss the relisting of three U.S. meat plants. One plant was approved immediately and was to be certified the week of March 23. The other two plants were provisionally approved pending a certification from reviewers that the plants have made the changes they stated they would make.

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### **Czechoslovakia, Hungary, and Poland Establish Free Trade Areas (FTAs) With the EC**

In November 1991, the CSFR, Hungary, and Poland concluded Association Agreements with the EC aimed at gradually phasing in bilateral FTAs. Effective March 1, 1992, the Agreements provide improved reciprocal market access for many agricultural products through lower tariffs as well as reduced quantitative restrictions. The Association Agreements are envisioned as the first step toward EC accession by the year 2000. Several U.S. trade groups are concerned about the import preferences being accorded to the EC. U.S. Government analysts are in the process of examining the short and long-term impacts of the Agreements on U.S. agricultural exports.

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### **Baltic Gold Returned**

The hard currency problems of the Baltic states will be somewhat lessened, as gold confiscated by Great Britain in 1940 is being returned. There are nearly 14 tons of gold, valued at roughly \$116 million--Latvia has 6.5 tons, Estonia has 4.4 tons, and Lithuania has 2.9 tons. This should facilitate currency introduction for all the Baltic states, a stated goal of the new governments there. It could also enable imports of processed food products, food and feed grains, and consumer goods.

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### **Materials Available**

- Status of Assistance to the Former Soviet Union (March 1992)
- Sunflowerseed Oil Assistance Program and Cottonseed Oil Assistance Program (March 1992)
- Agricultural Trade Policy and Trade for Central and Eastern Europe (Albania, Bulgaria, CSFR, Hungary, Poland, Romania, Yugoslavia) --March 1992
- Market Promotion Program (MPP) -- Revised February 1992
- U.S. Meat Import Law (Revised February 1992)
- The U.S.-EC Enlargement Agreement (Revised January 1992)
- Technical Assistance to the Commonwealth of Independent States (January 1992)
- Monitoring U.S. Agricultural Exports: The Export Sales Reporting System (Revised January 1992)
- U.S.-Canadian Free Trade Pact and What it Means to U.S. Agriculture (Revised December 1991)
- The Attache Educational Program (December 1991)
- Changes and Opportunities in the Hungarian Food Marketing System (October 1991)

*The Trade Policy Updates are prepared monthly by the Trade Assistance and Planning Office, Foreign Agricultural Service, U.S. Department of Agriculture. Interested U.S. parties may send requests for copies of materials listed above to the Trade Assistance and Planning Office, 3101 Park Center Drive, Suite 1103, Alexandria, VA 22302. Tel: (703) 305-2771, FAX: (703) 305-2788.*



# Market Updates

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## **Canada Offers Credit Line to Ukraine**

The Canadian Government recently announced a CA \$50 million line of general credit for Ukraine to cover purchases of commodities, food products, capital goods, and services. This credit is believed to be the first offered to a Republic of the former Soviet Union, other than Russia and the Baltics. Canadian Wheat Board commodities such as wheat and barley, would be eligible for purchase under this arrangement.

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## **Saudi Arabia Enters New Wheat Markets**

Saudi Arabia has begun exporting subsidized wheat to new markets, such as Iran and Pakistan, which might limit additional U.S. sales, at least to Pakistan. January's shipment of 42,000 tons to Iran was the first under an agreement reached in late December 1991, although the total quantity and terms of the agreement are unknown. In addition, Saudi Arabia recently shipped 88,000 tons to Pakistan.

Saudi Arabia's total wheat exports are expected to increase by over a million tons from 1990/91 to 2.8 million tons. Saudi Arabia's new focus on these two large Islamic markets will help them reach their aggressive export goal. Iran's total wheat imports are estimated at 4 million tons this year, and Pakistan's total wheat imports are estimated at 2 million tons, of which the United States has supplied 1.2 million tons.

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## **Taiwan Abandons Efforts to Slash Pork Production**

Contrary to the expectations of authorities in Taiwan, hog production rose 11 percent in 1991. Citing pollution concerns, the government had intended to cut hog production by 26 percent by 1996. However, it now appears that the government is resigned to the fact that despite costly environmental regulations, pork production cannot be held down. As a result, the policy has been softened so that producers will simply be required to register their animals and to observe somewhat stricter environmental protection regulations. Taiwan pork exports to Japan are estimated to have risen 34 percent in 1991. About one-third of Taiwan's total pork production is exported. A further expansion in exports to Japan is anticipated in 1992 because of low production and high prices in Japan.

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## **U.S. Chilled Beef Popular Among Japanese Consumers**

According to a recent report from the U.S. Agricultural Counselor, imported chilled beef is selling very well, especially U.S. beef. Japanese consumers prefer its taste, and prices are lower than domestically-produced Holstein beef. Several major Japanese retailers are promoting U.S. branded beef, report increasing sales of imported beef, and predict further increases for 1992. Major retailers have also been able to expand sales volume significantly by discounting prices, in spite of the 70-percent tariff. Japanese retailers attribute the popularity of U.S. beef to the ability of the U.S. industry to supply chilled product, the high-level of quality control, and the willingness of U.S. packers to produce product specifically developed for Japan. The preference for chilled beef is showing up in the import data. During the first 11 months of 1991, Japanese imports of fresh and chilled beef increased by 15 percent compared to a year earlier. At the same time, total beef imports were down 4 percent, and frozen beef imports declined by 17 percent.

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## **New Zealand Dairy Board Increased Its Basic Milk Payout**

On February 13, the New Zealand Dairy Board announced a 38-percent increase in its basic milk payout to NZ/\$4.70 (equivalent to US/\$2.54) per kilo of milk fat for the 1991/92 season. The Board also indicated the payout could increase further, perhaps in excess of NZ \$5.00 or US \$2.70 per kilo. The main factors contributing to the increase were a weaker New Zealand dollar and stronger world prices. In addition to the Board's payment, most dairy companies pay a premium on top of the basic payout. Last year's premium was about an additional 14 percent. According to the calculation of the new basic milk payout plus the premium, the price of milk fat must be approximately US/\$2,895 per ton, which is higher than the current U.S. domestic price of about \$2,880 for milk fat.

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## ...Market Updates

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### **Australia Begins Wheat Exports to a Traditional U.S. Market Despite Short Supply**

The Australian Wheat Board and the Taiwan Flour Millers Association (TFMA) have signed a contract for 15,000 tons of Australian wheat, scheduled for March 1992 delivery. This is the first Australian sale to Taiwan since 1978. The Taiwanese reportedly wanted to buy a larger quantity, but the Australians could only supply 15,000 tons from this year's reduced wheat crop. Taiwan's wheat imports over the last 10 years have increased about 50 percent to a forecast of 900,000 tons in 1991/92. The United States normally supplies about 85 percent of this market.

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### **Mexico Halts Cattle Sales From Costa Rica**

The Animal Health Department of the Mexican Ministry of Agriculture has stopped the importation of live cattle from Costa Rica. Mexican authorities fear further outbreaks of screwworm among domestic cattle from Costa Rican imports. The decision is a blow to Costa Rican ranchers who sought to revitalize their depressed cattle industry through exports to Mexico. According to the Costa Rican Federation of Cattle Associations, an estimated 115,000 head of beef cattle had been targeted for the Mexican market. The first shipment of 1,200 head were due to leave Costa Rica on March 19, 1991.

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### **Excessive Rains Continue to Threaten Australia's 1991/92 Cotton Crop**

Rainfall in New South Wales, the largest cotton producing region of Australia, was reported to be 200 percent above normal averages for both December and February. Recent heavy rains are increasing the risk of weather and insect damage and may reduce the quality of the current 1991/92 crop, because excessive moisture causes boll rot. Approximately 10-15 percent of the cotton bolls are currently open. Continued rain could reduce yields by as much as 60 percent. Harvesting will commence in about 6 weeks.

Japanese spinners are concerned that in addition to boll rot, too much rain during the open-boll season will discolor the cotton. There is talk of replacing the Australian cotton with equivalent qualities such as U.S. San Joaquin Valley cotton. Australia's misfortune could benefit U.S. cotton exporters if foreign buyers, like Japan, search elsewhere for cotton.

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### **Mexican Fresh Winter Vegetable Exports Drop Significantly**

Mexican exports of fresh winter vegetables are expected to fall 50 percent in MY 1991/92 (October-September) from a year earlier due to extremely heavy rains in northwest Mexico. This latest estimate is well above a 20-percent decline estimated earlier by Mexican producers. For the 30 days ending February 15, USDA inspections at Nogales, Arizona have declined 46 percent from a year earlier.

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### **European Community Offers Credit to Romania**

The EC is expected to offer credit to Romania for wheat purchases again this year. This would allow the EC to continue to dominate this new 500,000 to 600,000 ton market. Romania's tight foreign exchange situation makes credit an important factor in purchasing decisions. Last year, the EC captured over 70 percent of Romania's total imports of about 575,000 tons. Romania resumed wheat imports in 1990/91 for the first time in 5 years after a third year of reduced production.

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### **U.S.-EC Wine Negotiations to Continue**

U.S. and EC negotiators plan to meet March 31 through April 1 to continue talks on a new agreement governing bilateral wine trade. The last set of negotiations in December 1991 stalled over EC intransigence on the enological practices issue. March marks the 1-year anniversary of these talks. The EC derogations granting access for U.S. wines to the EC market have been extended piecemeal over this period--the latest extension runs through April 30. U.S. wine exports topped \$146.1 million in CY 1991, 16 percent higher than in 1990. The EC took over \$48 million of this total.

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## ...Market Updates

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### **EC Dairy Processors Oppose Dunkel Text**

ASSILEC, the EC Dairy Processors Association, has gone on record as opposing the volume-based reductions in export subsidies proposed in the draft Dunkel Uruguay Round Agreement. According to ASSILEC, the EC in recent years has been attempting to diversify its dairy exports away from intervention stocks of nonfat dry milk powder, butter, and butter oil in favor of higher value products such as cheese and whole milk powder. Utilizing the Dunkel text's 1986-1990 base year formula, ASSILEC calculates that by 1999 EC cheese exports would decline by 33 percent and whole milk powder exports by 32 percent from their 1991 bases. On the other hand, nonfat milk powder, butter, and butter oil exports would be allowed to increase from 1991 volumes. ASSILEC claims that by constraining commercial exports of cheese and whole milk powder, the Dunkel proposal would force more milkfat and nonfat milk powder into EC intervention stocks.

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### **Solid Wood Products Registers Record Trade Surplus in 1991**

The trade surplus for solid wood products rose 8 percent in 1991 to a record \$1.3 billion. While exports dipped slightly for the first time since 1985, imports declined for the second consecutive year. Exports were down 1 percent to \$6.4 billion due to lower log exports. Imports dropped 3 percent to \$5.1 billion as a result of the continuing recession in the construction industry.

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### **Czech Government Moves to Protect Red Meat and Cattle**

The Czech Government has moved to protect its red meat and live animal industry from imports of cheaper products coming particularly from the EC. This move comes as part of a larger package protecting Czech agriculture, which the government feels is vulnerable during the country's transition from a Communist to free market system. Most important among several new measures adopted, Czechoslovakia has introduced a compensatory import rate which it will levy against nearly all red meat and cattle brought into the country. The compensatory rate will supposedly equal the difference between the import price and the price on the internal market. The Czech Government began imposing the new charges in January which should effectively stave off shipments dumped by the EC. In the past, Czechoslovakia was a net exporter of cattle and red meat.

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### **U.S. District Court Reaffirms "Same As" Standard for Imported Poultry Meat**

On March 6, a U.S. District Court granted a Summary Judgment in favor of a lawsuit brought by the National Broiler Council and the Mississippi Poultry Association challenging USDA's poultry import inspection regulations. The Court found the language of the Poultry Products Inspection Act, requiring imported poultry products to be processed under the same conditions as domestic products, to be unambiguous. The Court ruled that Congress could have selected the "at least equal to" standard when the statute was amended in 1985, but instead decided to adopt the more strict and absolute "same as" criterion. Therefore, the USDA regulation permitting imports of poultry meat processed in facilities and under conditions that are only at least equal to those in the United States was found to be illegal. Because the United States imports only small quantities of poultry meat, the practical effect of this ruling will be minimal. Only 5 countries are currently approved to export poultry meat to the United States--Hong Kong (for processing of U.S. boneless chicken meat for re-export back to the United States), Israel (for cooked meat only), the United Kingdom, France, and Canada.

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### **Korea's New Country of Origin Requirements Could Hurt U.S. Fruit Exports**

Korea's Ministry of Agriculture recently released new regulations, effective April 1, requiring that the country of origin be specified on a wide range of agricultural imports. The U.S. Embassy in Seoul reports that the new regulations may significantly increase the consumer price of many of the affected products. While the details are still under review, it appears that the mark of origin will be required to appear on every piece of fruit that is imported, in addition to the box in which the fruit is shipped.

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## ...Market Updates

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### **India Revamps Import Policy for Dried Fruit and Nuts**

On February 29, as part of its budget announcement for Indian fiscal year 1992/93 (April-March), the Indian Government abolished the exim scrip import system which ties import permits to export commitments for dried fruit and certain tree nuts to help manage the balance of payments problems. At the same time, India established a dual exchange rate system. The GOI is expected to announce the new import policy at the beginning of the fiscal year. Almonds, which are subject to a U.S.-India MOU requiring India to issue import licenses for \$20 million of almonds annually, were not covered by exim scrip. However, the future of almond imports is uncertain as well. FAS is currently working closely with USTR, FAS/New Delhi, and the industry to seek increased market access for dried fruits and tree nuts, including almonds.

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### **Trade Liberalization Boosts Apple Sales**

Exports of U.S. apples in CY 1991 reached a record \$263 million, 23 percent above the previous year and a 174-percent jump in value from CY 1987. Apple sales have continued to benefit from reductions in tariff and non-tariff barriers in overseas markets. Impressive gains in apple sales have occurred in countries that have acceded to the GATT (e.g., Mexico and Venezuela), countries that have lifted import bans (e.g., Indonesia), reduced tariff levels (Thailand), and eased plant health requirements (Spain and Italy).

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### **South African Corn Import Program Accelerates**

South Africa's earlier announcement of a major corn import program has resulted in purchases now totaling over 550,000 tons for nearby shipment. Through the second week of March, South Africa had purchased a reported 330,000 tons of U.S. corn and 220,000 tons of Argentine corn. Additional tenders totalling 430,000 tons (both U.S. and Argentine) are pending approval.

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### **U.S. Donates Agricultural Commodities to Turkmenistan**

On March 6, Secretary Madigan announced that the United States will donate 6,100 tons (\$14.5 million) of U.S. agricultural commodities to the American Red Cross for distribution to needy people in Turkmenistan, a newly independent republic of the former Soviet Union. This action is the first donation to a central Asian republic of the former Soviet Union. The \$14.5 million donation includes \$10.5 million in commodities (nonfat dry milk, infant formula, rice, wheat flour, vegetable oil, and lentils) and \$4 million in freight costs.

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### **Alimentaria and Verona Trade Shows Boost U.S. Agricultural Exports**

Thirty-two U.S. firms exhibiting at the Alimentaria '93 food show in Barcelona, Spain, March 7 through March 12, reported on-site sales of \$2 million. They projected 12-month sales after the show at \$21 million, indicating that Spain presents excellent potential as a market for high value food products. In Italy, 12 firms exhibiting in the FAS-sponsored pavilion at the International Agricultural Fair in Verona reported on-site sales of \$365,000 and 12-month sales of \$2.3 million. During the show, FAS introduced the U.S. Dairy Genetics Council, an umbrella group of 10 livestock and genetics trade associations, to the Italian and European trade.

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### **Poland Signs FY 1992 Section 416(B) Butter Agreement**

A Section 416(B) commodity donation agreement, providing 16,000 tons of butter to Poland in FY 1992, was signed on Jan. 24, 1992. This agreement concludes the commitment made under the American Aid to Poland Act of 1988 for 8,000 tons of commodity donations in each of fiscal years 1988 through 1992 (no commodity was provided in FY 1991). Local currency proceeds from the sale of butter will support the activities of the U.S.-Polish Joint Commission on Humanitarian Assistance. The agreement will be valid when signed by the Commodity Credit Corporation in Washington.



## ...Market Updates

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### **USDA Increases GSM-102 Credit Guarantees to Pakistan for FY 1992**

On February 24, USDA increased credit guarantees by \$50 million in connection with sales of U.S. wheat to Pakistan. The action increased the wheat line by \$50 million, from \$125 million to \$175 million. The total FY 1992 allocation for sales to Pakistan under GSM-102 increases from \$150 million to \$200 million.

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### **USDA Makes Operational \$250 Million in Credit Guarantee Coverage for Sales to the Former Soviet Union.**

On March 18, the U.S. Department of Agriculture (USDA) made operational another \$250 million in credit guarantees in connection with sales of the U.S. agricultural commodities for 11 of the newly independent states of the former Soviet Union (excluding Ukraine) under the Commodity Credit Corporation's Export Credit Guarantee Program (GSM-102). Registration of the commodity sales under this allocation can be made beginning April 1, 1992. This action represents the fourth and final allocation within the \$1.25-billion credit guarantee package that was approved by President Bush on Nov. 20, 1991, and announced by USDA on Dec. 2, 1991. The total fiscal year 1992 allocation remains unchanged at \$1.835 billion.

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### **Secretary Madigan Announces U.S. Food Aid to Sierra Leone**

On March 11, USDA Secretary Madigan announced that the United States will provide \$5 million of food aid under P.L. 480 Title I so that Sierra Leone can purchase approximately 15,000 tons of rice and 8,000 tons of U.S. wheat.

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### **Export Credit Guarantee Program (GSM-102)**

Angola -- March 13. The USDA has authorized up to \$10 million in credit guarantees in connection with sales of U.S. agricultural commodities to Angola under the Commodity Credit Corporation's (CCC) GSM-102 program for fiscal year 1992.

Turkey -- March 16. The USDA has reallocated \$20 million in credit guarantees in connection with sales of U.S. agricultural commodities to Turkey under the CCC's GSM-102 program for fiscal year 1992.

Mexico -- March 13. The USDA has increased by \$40 million the amount of operational credit guarantees for Mexico under the CCC's GSM-102 program for fiscal year 1992. The total fiscal year 1992 allocation for sales to Mexico under GSM-102 remains unchanged at \$1,250 million with \$1,157.5 million now operational.

Colombia -- March 13. The USDA has reallocated \$5 million in credit guarantees in connection with sales of U.S. rice to Colombia under the CCC's GSM-102 program. This action establishes a rice line for \$5 million and decreases the wheat line from \$50 million to \$45 million.

Ecuador -- March 19. The USDA has authorized \$80 million in credit guarantees in connection with sales of U.S. agricultural commodities to Ecuador under the CCC's GSM-102 program for fiscal year 1992.

Sri Lanka -- March 13. The USDA has increased credit guarantees to Sri Lanka for sales of U.S. wheat and wheat flour by \$10 million, from \$25 million to \$35 million, under the CCC's GSM-102 program for fiscal year 1992.

Sri Lanka -- March 13. The USDA has reduced credit guarantees available for sales of U.S. wheat and wheat flour to Sri Lanka by \$10 million, from \$25 million to \$15 million, under the CCC's Intermediate Export Credit Guarantee Program (GSM-103) for fiscal year 1992.

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### **Export Enhancement Program (EEP)**

The cumulative amount awarded for fiscal year 1992 under the Export Enhancement Program (EEP) with the 5-percent upward tolerance is \$669,945,765.

February 14. USDA accepted bids under the EEP for 699,750 tons of wheat (412,750 tons of hard red winter and 287,000 tons of northern/dark northern spring) to the Republics of the former Soviet Union, and 300 tons of whole frozen broilers to Saudi Arabia.

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## ...Market Updates

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### EEP (continued)

February 18. USDA accepted bids for 15,000 tons of northern/dark northern spring wheat to West and Central African Countries, and 24,000 tons of rice to Turkey.

February 19. USDA accepted bids for 2,500 tons of soybean oil to Turkey, 15,000 tons of soft red winter wheat to Trinidad and Tobago, and 39,000 tons of wheat flour and 110,000 tons of wheat (80,000 tons of northern/dark northern spring and 30,000 tons of hard red winter) to Egypt.

February 20. USDA accepted bids for 150,000 tons of soft white wheat to Egypt, 15,750 tons of milled rice to Turkey, 50,000 tons of hard red winter wheat to Sri Lanka, and 3,500 tons of soybean oil to Turkey.

February 21. USDA accepted bids for 99,600 tons of wheat to Egypt, including 50,000 hard red winter and 49,600 soft white, and 400 tons of medium grain milled rice to Poland. Also, bids for 1,500 tons of soybean oil to Turkey, and 51,000 dozen white large table eggs to Hong Kong were accepted.

February 24. USDA accepted bids for 40 tons of medium grain milled rice to Poland and 49,600 tons of hard red winter wheat to Sri Lanka.

February 25. USDA accepted bids for 15,000 tons of northern/dark northern spring wheat to Trinidad and Tobago and 26,400 dozen large white table eggs to Kuwait.

February 26. USDA accepted a bid for 81,600 dozen jumbo brown table eggs to Hong Kong.

February 27. USDA accepted bids for 23,500 tons of milled rice to Czechoslovakia, including 14,000 medium grain and 9,500 long grain.

March 6. USDA accepted bids for 15,000 tons of milled rice to the former Soviet Union and 225 tons of whole frozen broilers to Singapore.

March 10. USDA accepted bids for 144,755 tons of wheat to Bangladesh (including 89,755 tons of hard red winter, 25,000 tons of soft white and 30,000 tons of northern/dark northern spring), 5,000 tons of northern/dark northern spring wheat to West and Central African Countries, and 51,000 dozen table eggs to Hong Kong.

March 12. USDA accepted bids for 5,704 tons of hard red winter wheat to West and Central African Countries and 135 tons of whole frozen broilers to Singapore.

March 13 - USDA accepted a bid for 22,000 tons of wheat (12,000 tons of northern/dark northern spring and 10,000 tons of hard amber durum) to Cyprus.

March 16 - USDA accepted a bid for 250 tons of whole frozen broilers to Singapore.

March 17 - USDA accepted a bid for 2,000 tons of soybean oil to Turkey.

March 19 - USDA accepted bids for 100,000 tons of barley to Algeria.

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### Dairy Export Incentive Program (DEIP)

February 24. USDA accepted a bid under the DEIP for 136 tons of nonfat dry milk to Trinidad and Tobago.

February 26. USDA accepted a bid for 10 tons of nonfat dry milk to Panama.

March 12. USDA accepted a bid for 160 tons of nonfat dry milk to Panama.

March 13 - USDA accepted a bid for 50 tons of butter oil to Nicaragua.

March 17 - USDA accepted a bid for 14 tons of nonfat dry milk to Cameroon.

March 18 - USDA accepted bids for 18 tons of butter to Saudi Arabia, 29 tons of whole milk powder to Cameroon, and 34 tons of nonfat dry milk to Panama.



# U.S. Agricultural Exports by Major Commodity Group

## Monthly and Annual Performance Indicators and Fiscal 1992 Forecasts

	January			October-January			Fiscal Year		
	1991	1992		1990/91	1991/92		1991	1992(f)	
	-- Bil.\$ --	--	Change	-- Bil.\$ --	--	Change	-- Bil.\$ --	--	Change
Grains & feeds 1/	0.965	1.167	21%	4.090	4.788	17%	12.544	13.3	6%
Wheat & Flour	0.198	0.438	122%	0.923	1.582	71%	3.058	4.3	41%
Rice	0.051	0.043	-15%	0.286	0.280	-2%	0.752	0.7	-7%
Feed grains 2/	0.450	0.407	-10%	1.809	1.835	1%	5.653	5.3	-6%
Corn	0.396	0.284	-28%	1.528	1.460	-4%	4.872	4.5	-8%
Feeds & fodders	0.170	0.193	14%	0.634	0.699	10%	NA	NA	NA
Oilseeds & products	0.550	0.725	32%	2.018	2.972	47%	5.691	6.6	16%
Soybeans	0.360	0.442	23%	1.295	1.870	44%	3.464	4.0	15%
Soybean meal	0.086	0.137	60%	0.323	0.520	61%	0.978	1.2	23%
Soybean oil	0.009	0.029	216%	0.050	0.100	100%	0.192	0.3	56%
Other vegetable oils	0.040	0.041	1%	0.136	0.143	5%	NA	NA	NA
Livestock products	0.478	0.511	7%	1.931	2.010	4%	5.545	5.4	-3%
Red meats	0.206	0.236	14%	0.818	0.920	12%	NA	NA	NA
Hides & Skins	0.142	0.125	-12%	0.518	0.420	-19%	NA	NA	NA
Poultry products	0.078	0.087	11%	0.323	0.421	30%	1.007	1.1	9%
Poultry meat	0.059	0.062	5%	0.236	0.314	33%	NA	NA	NA
Dairy products	0.023	0.043	89%	0.086	0.215	148%	0.367	0.6	63%
Horticultural products	0.411	0.491	19%	1.985	2.253	13%	6.020	6.6	10%
Unmanufactured tobacco	0.116	0.125	8%	0.597	0.500	-16%	1.533	1.5	-2%
Cotton & linters	0.365	0.291	-20%	1.058	0.857	-19%	2.619	2.4	-8%
Planting seeds	0.095	0.097	2%	0.267	0.316	18%	0.625	0.6	-4%
Sugar & tropical products	0.125	0.125	0%	0.562	0.608	8%	1.582	1.7	7%
Forest Products 4/	0.490	0.523	7%	2.084	2.159	4%	NA	NA	NA
Total Ag. export value	3.206	3.663	14%	12.917	14.938	16%	37.533	40.0	7%

	-- MMT --	--	Change	-- MMT --	--	Change	-- MMT --	--	Change
Grains & feeds 1/	7.477	8.694	16%	30.614	35.895	17%	NA	NA	NA
Wheat	1.809	3.604	99%	7.719	13.732	78%	26.691	33.0	24%
Wheat flour	0.051	0.050	-2%	0.275	0.180	-34%	1.074	0.9	-16%
Rice	0.171	0.114	-33%	1.010	0.857	-15%	2.418	2.1	-13%
Feed grains 2/	4.213	3.667	-13%	17.017	16.481	-3%	51.802	45.9	-11%
Corn	3.671	2.531	-31%	14.278	13.006	-9%	44.496	39.0	-12%
Feeds & fodders	1.032	1.115	8%	3.804	3.927	3%	11.397	11.5	1%
Oilseeds & products	2.198	2.940	34%	7.872	11.941	52%	NA	NA	NA
Soybeans	1.580	2.007	27%	5.600	8.419	50%	15.139	18.1	20%
Soybean meal	0.441	0.636	44%	1.601	2.369	48%	4.648	5.4	16%
Soybean oil	0.013	0.064	406%	0.077	0.216	181%	0.354	0.6	69%
Other vegetable oils	0.065	0.071	9%	0.209	0.215	3%	NA	NA	NA
Livestock products 3/	0.182	0.246	35%	0.727	0.899	24%	NA	NA	NA
Red meats	0.061	0.072	19%	0.240	0.287	20%	0.744	0.8	8%
Poultry products 3/	0.055	0.056	2%	0.222	0.285	29%	NA	NA	NA
Poultry meat	0.053	0.053	-0%	0.212	0.272	29%	0.614	0.7	14%
Dairy products 3/	0.017	0.026	58%	0.052	0.121	133%	NA	NA	NA
Horticultural products 3/	0.377	0.452	20%	1.787	1.923	8%	5.048	5.6	11%
Unmanufactured tobacco	0.020	0.022	11%	0.094	0.083	-12%	0.239	0.2	-16%
Cotton & linters	0.219	0.193	-12%	0.635	0.554	-13%	1.598	1.6	0%
Planting seeds	0.070	0.084	21%	0.175	0.233	33%	NA	NA	NA
Sugar & tropical products 3/	0.087	0.068	-22%	0.355	0.360	1%	NA	NA	NA
Total Ag. export volume 3/	10.70	12.78	19%	42.53	52.29	23%	129.35	134.5	4%

NA = Not available.

1/ Includes pulses, corn gluten feed, and meal.

2/ Includes corn, oats, barley, rye, and sorghum.

3/ Includes only those items measured in metric tons.

4/ Wood products are not included in agricultural product value totals.

Note-- 1992 forecasts are taken from "Outlook for U.S. Agricultural Exports," Feb. 27, 1992.



# U.S. Agricultural Export Value by Region

## Monthly and Annual Performance Indicators and Fiscal 1992 Forecasts

	January			October-January			Fiscal Year		
	1991	1992	Change	1990/91	1991/92	Change	1991	1992(f)	Change
	-- Bil.\$ --			-- Bil.\$ --			-- Bil.\$ --		
Western Europe	0.710	0.826	16%	3.007	3.274	9%	7.310	7.4	1%
European Community	0.667	0.784	18%	2.816	3.069	9%	6.774	6.9	2%
Other Western Europe	0.043	0.042	-3%	0.191	0.205	7%	0.536	0.5	-7%
Eastern Europe	0.022	0.034	58%	0.136	0.080	-42%	0.303	0.2	-34%
Former Soviet Union	0.137	0.305	122%	0.281	1.178	318%	1.716	2.5	46%
Asia	1.305	1.378	6%	5.132	5.484	7%	14.647	15.6	7%
Japan	0.663	0.702	6%	2.721	2.755	1%	7.718	8.0	4%
China	0.038	0.098	156%	0.166	0.280	69%	0.667	1.0	50%
Other East Asia	0.434	0.398	-8%	1.659	1.756	6%	4.644	4.8	3%
Taiwan	0.163	0.146	-10%	0.587	0.730	24%	1.736	1.8	4%
South Korea	0.193	0.184	-5%	0.804	0.739	-8%	2.159	2.2	2%
Hong Kong	0.078	0.068	-13%	0.269	0.285	6%	0.744	0.8	7%
Other Asia	0.170	0.180	6%	0.585	0.693	18%	1.618	1.8	11%
Pakistan	0.000	0.028	5594%	0.059	0.095	61%	0.143	0.2	39%
Philippines	0.028	0.030	6%	0.131	0.132	0%	0.373	0.4	7%
Middle East	0.096	0.109	13%	0.469	0.563	20%	1.366	1.6	17%
Iraq	0.000	0.000	0%	0.000	0.000	0%	0.000	0.0	0%
Saudi Arabia	0.032	0.030	-6%	0.189	0.206	9%	0.481	0.6	25%
Africa	0.174	0.148	-15%	0.624	0.624	0%	1.819	1.8	-1%
North Africa	0.140	0.120	-14%	0.481	0.454	-5%	1.325	1.3	-2%
Egypt	0.071	0.073	3%	0.252	0.248	-1%	0.692	0.7	1%
Algeria	0.046	0.029	-38%	0.151	0.139	-8%	0.422	0.5	18%
Sub Saharan Africa	0.035	0.028	-19%	0.143	0.170	19%	0.493	0.5	1%
Latin America	0.406	0.475	17%	1.735	1.980	14%	5.474	5.7	4%
Mexico	0.219	0.278	27%	0.834	1.004	20%	2.872	3.0	4%
Other Latin America	0.187	0.197	5%	0.901	0.976	8%	2.601	2.7	4%
Brazil	0.015	0.006	-58%	0.124	0.098	-21%	0.271	0.2	-26%
Venezuela	0.020	0.026	32%	0.097	0.113	16%	0.307	0.4	30%
Canada	0.337	0.365	8%	1.358	1.532	13%	4.395	4.7	7%
Oceania	0.028	0.022	-19%	0.132	0.174	32%	0.344	0.4	16%
World Total	3.215	3.663	14%	12.952	14.971	16%	37.534	40.0	7%



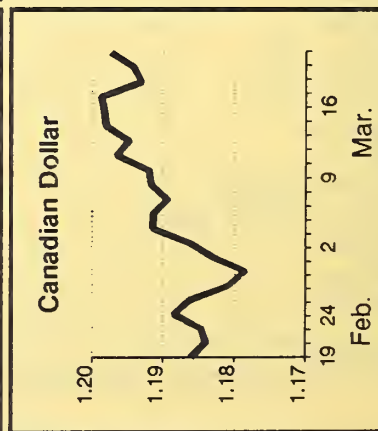
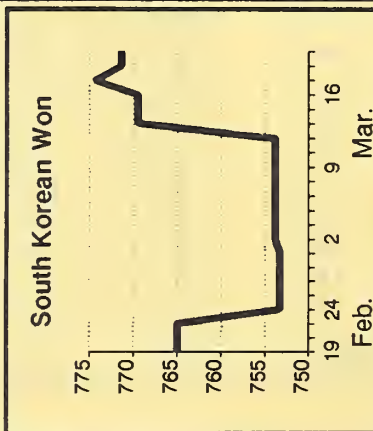
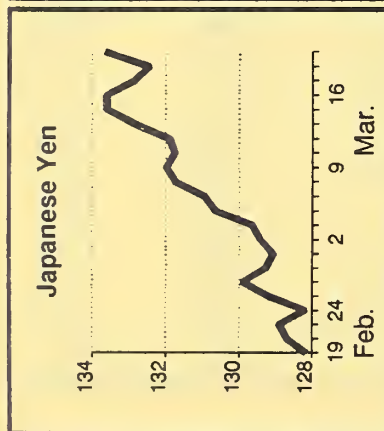
# U.S. Agricultural Imports

## Monthly Performance Indicators and Fiscal Year-to-Date Comparisons

By Commodity (\$Millions)	January		%	October-January		%
	1991	1992	Change	1990/91	1991/92	Change
Fruits and vegetables	690.2	746.9	8.2%	2,729.6	2,858.2	4.7%
Bananas and plantains	71.5	79.1	10.7%	301.0	322.7	7.2%
Other fresh fruits	81.0	95.2	17.5%	188.8	221.5	17.4%
Fruit and veg. juices	55.8	81.4	45.9%	256.5	328.5	28.1%
Edible tree nuts	39.6	35.0	-11.6%	189.3	167.0	-11.8%
Wine and wine products	56.6	53.7	-5.1%	390.0	371.8	-4.7%
Sugar and tropical products	554.9	576.8	3.9%	1,919.1	2,007.1	4.6%
Sugar & related products	99.6	87.4	-12.2%	361.8	277.4	-23.3%
Cocoa & cocoa products	101.4	126.7	25.0%	345.5	446.6	29.3%
Coffee & coffee products	207.5	204.0	-1.7%	648.1	672.7	3.8%
Spices	31.0	30.4	-1.9%	109.9	132.5	20.6%
Rubber & allied products	51.3	63.4	23.6%	230.7	242.7	5.2%
Livestock and products	389.6	395.6	1.5%	1,612.3	1,485.3	-7.9%
Live animals	103.6	97.3	-6.1%	446.4	430.5	-3.6%
Beef and veal	154.0	189.3	22.9%	628.9	603.2	-4.1%
Pork	65.0	44.9	-30.9%	313.1	221.8	-29.2%
Grains and feeds	91.7	106.9	16.6%	444.8	497.8	11.9%
Oilseeds and products	72.2	77.8	7.8%	300.3	324.1	7.9%
Cotton and products	16.2	18.1	11.7%	56.1	65.7	17.1%
Tobacco products	53.8	62.9	16.9%	178.6	225.4	26.2%
Dairy and poultry products	61.5	61.7	0.3%	313.6	329.0	4.9%
<b>Agricultural Total</b>	<b>1,930.1</b>	<b>2,046.5</b>	<b>6.0%</b>	<b>7,554.4</b>	<b>7,792.7</b>	<b>3.2%</b>
By Region (\$Millions)	January		%	October-January		%
	1991	1992	Change	1990/91	1991/92	Change
EC-12	310.0	322.1	3.9%	1,612.4	1,593.1	-1.2%
Italy	53.3	53.9	1.1%	295.8	304.8	3.0%
France	44.5	46.3	4.0%	277.6	278.7	0.4%
Netherlands	57.4	53.2	-7.3%	269.9	241.1	-10.7%
North America	497.6	504.0	1.3%	1,876.1	1,954.1	4.2%
Canada	245.1	280.0	14.2%	1,077.6	1,192.7	10.7%
Mexico	252.4	224.0	-11.3%	798.4	761.2	-4.7%
South America	378.8	411.6	8.7%	1,302.0	1,328.7	2.1%
Brazil	163.3	163.8	0.3%	546.3	513.8	-5.9%
Colombia	71.4	83.4	16.8%	271.0	303.6	12.0%
Asia	232.8	288.4	23.9%	923.2	1,050.8	13.8%
Indonesia	57.5	70.4	22.4%	232.4	272.2	17.1%
Thailand	37.8	64.7	71.2%	143.0	202.2	41.4%
Oceania	186.5	192.1	3.0%	671.6	588.3	-12.4%
Australia	117.4	119.5	1.8%	448.1	351.9	-21.5%
New Zealand	65.7	65.9	0.3%	216.1	223.0	3.2%
Central America	138.9	124.0	-10.7%	410.3	424.0	3.3%
Middle East	35.4	35.6	0.6%	136.9	145.4	6.2%
Africa	44.6	66.6	49.3%	163.9	245.7	49.9%
Other West Europe	25.5	30.3	18.8%	130.6	125.0	-4.3%
Fmr. Sov. Union/E. Europe	34.6	25.3	-26.9%	127.2	122.5	-3.7%
South Asia	27.7	27.7	0.0%	103.3	115.6	11.9%
Caribbean	14.2	14.0	-1.4%	82.4	71.6	-13.1%
North Africa	3.6	4.8	33.3%	14.5	27.8	91.7%
<b>World Total</b>	<b>1,930.1</b>	<b>2,046.5</b>	<b>6.0%</b>	<b>7,554.4</b>	<b>7,792.7</b>	<b>3.2%</b>



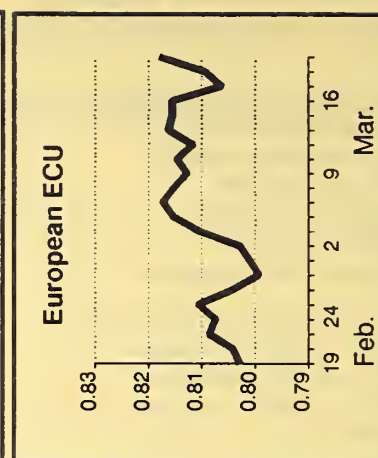
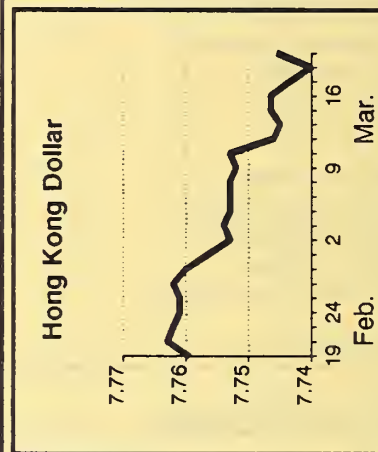
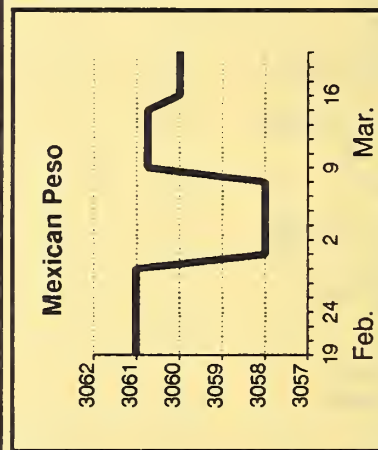
# Exchange Rate Movements Of Major World Currencies Vis-a-Vis U.S. Dollar -- Daily Spot Quotations (Feb. 19 - Mar 19, 1992)



Currencies	Current Rate 3/19/92	Month Ago 2/19/92	Year Ago 3/19	% Change Year Ago 3/91
Argentine Peso 1\	.97	.97	.93	4.3
Australian Dollar	1.3163	1.3210	1.2982	1.39
Brazilian Cruzeiro	1766.37	1454.81	223.43	690.56
Canadian Dollar	1.1973	1.1860	1.1578	3.41
Hong Kong Dollar	7.7455	7.7595	7.7903	-0.58
Japanese Yen	133.65	128.17	137.29	-2.65
Mexican Peso	3060.00	3061.01	2975.78	2.83
Taiwan Dollar	25.22	24.77	27.18	-7.21
South Korean Won	771.41	765.00	719.50	7.21
European ECU	.81786	.80289	.74283	10.10
-British Pound	.5851	.5701	.5501	6.36
-French Franc	5.6705	5.5903	5.4979	3.14
-West German Mark	1.6711	1.6435	1.6171	3.34

1\ The Argentine Austral was recently converted to the Peso at a rate of 10,000 to 1.

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, March 19, 1992.  
Source: TEID/ITP/FAS Exchange Rate Database and Wall Street Journal.





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